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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

February 14, 2000

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

EX PARTE OR LATE FILED

Re: Ex Parte Statement
CC Docket 99-272
US West-Qwest Merger

Dear Ms. Salas:

On Friday, February 11, 2000, the attached letter was sent to Chairman Kennard and Commissioner Ness. Please enter it in the record of the above referenced proceeding.

Sincerely,

Attachment

No. of Copies rec'd 0+2

Edward E. Whitacre
Chairman and
Chief Executive Officer

SBC Communications Inc.
175 E. Houston Street
San Antonio, Texas 78205
Phone 210 351-5400

February 11, 2000

The Honorable William E. Kennard
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: **U S WEST/Qwest, CC Docket No. 99-272**

Dear Chairman Kennard:

I am writing to urge the Commission to make approval of the U S West/Qwest merger contingent on market-opening conditions similar to those contained in the SBC/Ameritech merger and those that have been proposed by Bell Atlantic and GTE in connection with their merger.

In undertaking the Ameritech merger, SBC made a powerful commitment to bringing a new era of competition in local telecommunications to fruition. The FCC underscored its determination to open local markets fully to competition, as contemplated by the Telecommunications Act of 1996 by forging, together with SBC, a set of conditions – backed by tough, concrete and enforceable sanctions – that will assure the rapid, complete and irreversible opening of local markets in SBC's 13-state region while also injecting SBC as a potent new competitor outside its historic region. Bell Atlantic and GTE are now proposing similar conditions, spreading the pro-competitive benefits to the Northeast.

U S WEST and Qwest now stand before the Commission seeking approval of their $65 billion merger. While these companies have stated generically that they will quickly open the U S WEST markets to competition, they have not publicly identified any pro-competitive market-opening commitments they will make. In light of SBC's commitment, under penalty of severe monetary sanctions, to enter 30 markets within 30 months – including entering the Seattle MSA, where U S WEST is the ILEC, by October of this year – SBC is especially concerned that U S WEST may be allowed to complete its merger without the same kinds of enforceable commitments that have been or are being required of SBC and Bell Atlantic. If the Commission does not act to impose reasonable, consistent, market opening conditions applicable to the 14 states in which U S WEST is the incumbent, a unique and appropriate opportunity to do so will be lost to this Commission.

After four years of experience under the 1996 Act, and with the benefit of the record made in past merger and other proceedings, the Commission has identified the key elements that are necessary to assure the rapid opening of local markets. Those include:

- Consistent, measurable and enforceable carrier-to-carrier performance standards
- Timely collocation
- Integrated, sustainable OSS to convert customers to new carriers and provision service
- Full access to necessary facilities
- Consistent treatment across all in-region states for CLECs seeking to interconnect
- Carrier-to-carrier promotions

SBC accepted those conditions and it faces substantial penalties for failure to comply with these conditions. The Commission concluded that these conditions will "greatly reduce the costs of entry," "stimulate entry into these markets," and "create a powerful momentum of increasing competition and choice in telecommunications markets."[1] Bell Atlantic and GTE now have offered to adopt similar conditions.

SBC does not support the idea of continuing pervasive regulation and conditions. However, the industry is in a period of transition designed to encourage accelerated competition in local markets. It is therefore important that the Commission ensure that market open conditions apply on an even-handed basis. U S WEST's failure to make pro-competitive, market-opening commitments creates unfair advantages for U S WEST. Like SBC and Ameritech, U S WEST and Qwest say that they will use their merger to expand geographically. The merged company, for example, intends "to aggressively deploy DSL to customers in major markets across the U.S."[2] In entering the market to provide such services, U S WEST and Qwest will be able to benefit from the market opening conditions that SBC and Ameritech agreed to, and that Bell Atlantic and GTE have proposed, without being required to offer reciprocal opportunities to SBC and other new entrants in U S WEST's region. Unless the Commission seizes the current opportunity to extend the pro-competitive benefits of the process begun in the SBC/Ameritech case, inequitable disparity of treatment will frustrate the growth of competition.

I urge the Commission not to approve the U S West/Qwest merger unless parties agree to these conditions.

Very truly yours,

Ed Whitacre

Edward E. Whitacre, Jr.

cc: The Honorable Susan Ness

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[1] In re Ameritech Corp. and SBC Communications Inc., Memorandum Opinion and Order, CC Docket No. 89-141, FCC 99-279 (rel. Oct. 8, 1999), at ¶¶ 440, 422, 436.
[2] http://www.uswest.com/merger/benefits.html